

UNC Department of City and Regional Planning

Master's Project

Community Responses to Shuttered Public Schools

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Introduction

The purpose of this report is to analyze the issue of abandoned public schools and provide a set of best practices for addressing the negative consequences of maintaining vacant public school buildings. This report is broken into two major sections: a literature review and an applied case study. The purpose of the literature review is to contextualize how local governments have sought to address vacant schools and identify strategies that contribute to developing responses to this crisis. The purpose of the case study is to present options and assess the feasibility of redevelopment at a public-school building in Detroit, Michigan. The case study will analyze land use, potential markets, and financing strategies to offer recommendations for potential next steps for the former Cody 9th Grade Academy/Ruddiman Middle School building.

Literature Review

In 2006 Jeffrey Vincent—at the time a doctoral candidate in the Department of City and Regional Planning at the University of California, Berkley—noted a disconnect between city planning and public schools.¹ Vincent described a symbiotic relationship between good schools and good cities and called for planning as a profession to pay more attention to cities' public school infrastructure.² Additionally, public schools represent one of the most common types of public infrastructure and often serve as community meeting places and anchors for their surrounding community.^{3,4,5} Public schools that sit empty place a strain on local government budgets through the need to secure, maintain and monitor sites that are no longer in use and no longer fulfilling an educational purpose.

The issue of public school closings was looked at extensively by Pew Research in 2011 and again in 2013. Pew Research found 301 school district properties being marketed for sale at the end of 2012 across 12 cities (Detroit, Cleveland, Kansas City, Mo., Pittsburgh, Chicago, Milwaukee, Atlanta, St. Louis, Tulsa, Washington, Philadelphia, and Cincinnati).⁶ The highest number was overwhelmingly Detroit with 124 marketed properties, and the cities of Cleveland and Kansas City, Mo. trailing behind with 26

¹ Vincent, Jeffrey M. "Public Schools as Public Infrastructure: Roles for Planning Researchers." *Journal of Planning Education and Research* 25, no. 4 (June 1, 2006): 433–37. <https://doi.org/10.1177/0739456X06288092>.

² *ibid*

³ *ibid*

⁴ Tess, John M. "A Different Kind of Education Reform: Reuse of Historic School Buildings." *Novogradac Journal of Tax Credits IV*, no. VI (June 2013): 1-4. http://www.heritage-consulting.com/wp-content/uploads/2014/04/June-2013-A_Different_Kind_of_Education_Reform-_Reuse_of_Historic.pdf.

⁵ Serbulo, Leanne. 2017. "Closing Schools Is like 'taking Away Part of My Body': The Impact of Gentrification on Neighborhood, Public Schools in Inner Northeast Portland." *Belgeo. Revue Belge de Géographie*, no. 2–3 (September). <http://journals.openedition.org.libproxy.lib.unc.edu/belgeo/19835>.

⁶ "Closing Public Schools in Philadelphia: Lessons from Six Urban Districts." Accessed March 2, 2018. <http://pew.org/2yH8lzu>.

properties each. In 2013, Chicago Public Schools oversaw the highest one-time number of public school closings for a school district nationally with 50 school closings.⁷

The 2013 Pew Report described the trend of public school closings as a new normal for cities across the country. In 2018, Chicago Public schools backed away from a plan to close 3 high schools by the summer of 2018 in favor of phased closings over the next three years.⁸ In 2014, Detroit Public Schools turned over many vacant properties and lots to the City of Detroit in exchange for the city forgiving electricity debts.⁹ As of March 2018, Detroit Public Schools currently has 24 public school buildings marketed for sale or lease.¹⁰

Pew Research's 2011 report on school closures in Philadelphia and across the country noted some of the challenges driving an increase of empty school buildings in cities across the country which includes "dwindling population of school-age children, mounting budget pressures, deteriorating facilities, poor academic performance, and the growth of charter schools and other alternatives that have lessened the demand for traditional public-school education."¹¹

Reports from many of the cities studied by Pew appear to support this rationale: more than 40% of sold, released or reused properties were converted to charter schools;¹² a January 2017 report from the Philadelphia School District estimated a need for \$3 billion to address "urgent problems" at the city's schools;¹³ and Chicago Public Schools cited academics, diversity, and enrollment challenges in its 2017 plan to consolidate four high schools.¹⁴

⁷ "Behind Sale of Closed Schools, a Legacy of Segregation." Chicago Reporter. Accessed March 24, 2018. <http://www.chicagoreporter.com/behind-sale-of-closed-schools-a-legacy-of-segregation/>.

⁸ "CPS Puts Brakes on School Closing Plan, Will Phase out 3 Englewood High Schools over 3 Years - Chicago Tribune." Accessed March 18, 2018. <http://www.chicagotribune.com/news/ct-met-chicago-high-school-closing-reversal-20180212-story.html>.

⁹ "Detroit Forgives DPS Debt in Exchange for Empty Schools." Detroit Free Press. Accessed April 2, 2018. <https://www.freep.com/story/news/local/michigan/2014/10/28/dps-debt-electric-bills-schools-land-trade-detroit/18062305/>.

¹⁰ "19 Vacant Detroit School Properties Could Get Boarded Up." Detroit Free Press. Accessed March 18, 2018. <https://www.freep.com/story/news/education/2018/01/22/vacant-detroit-school-buildings-boarded-up/1053948001/>.

¹¹ "Closing Public Schools in Philadelphia: Lessons from Six Urban Districts." Accessed March 2, 2018. <http://pew.org/2yH8lzu>.

¹² *ibid*

¹³ "Philly School Buildings Need Nearly \$5B in Repairs, New Report Says." Accessed March 24, 2018. <http://www.philly.com/philly/education/Phila-school-buildings-need-almost-5b-in-repairs.html>.

¹⁴ Chicago Public Schools. "CPS Proposes Community-Driven School Actions to Improve Students' Education." News release, December 1, 2017. CPS.edu. Accessed March 2, 2018. http://cps.edu/News/Press_releases/Pages/PR1_12_01_17.aspx.

A 2016 report by the Great Cities Institute proposed another less discussed determining factor—legacies of racism.¹⁵ The study team found that between 2000 and 2013 Chicago schools with larger shares of black students had higher probabilities of closing when compared to schools with similar test scores, locations, and utilization rates. The team’s analysis could not identify whether race was explicitly considered or a proxy for other considerations, but they did conclude that Chicago’s black students and families bore the effects of school closures.¹⁶ These concerns are not unique to Chicago. In 2013, the US Department of Education investigated complaints from Philadelphia, Detroit, and Newark and 15 other cities about the negative and disparate impact that school closings were having on Black, Hispanic/Latinx, and disabled students.¹⁷

The following quote highlights the concerns of parents, children, and communities as their schools close:

**“If you keep shifting our kids around, they
are going to become invisible (Serbulo, 2017)”¹⁸**

This was in response to a series of school closings in Northeast Portland attributed to gentrification, but it reflects many of the sentiments expressed in the communities grappling with the issue of shuttered schools. This report seeks to address the issue of what happens next. As discussed above, schools serve an important role in communities and the neighbors of schools have a special and unique bond to the school and its place in a community. Closed schools also present unique challenges for the communities who attempt to identify alternative, non-educational uses.

An important first step in addressing the issue of shuttered schools is to understand the issue and the local context prior to jumping to find new uses for these buildings. Following this step could potentially save time, reduce stress, and create a process that builds a stronger community. The following best practices focus on identifying strategies that are likely to support a better school redevelopment and community engagement process.

¹⁵ Weber, Rachel, Ph. D., Stephanie Farmer, Ph. D., and Mary Donoghue. *Why These Schools? Explaining School Closures in Chicago, 2000-2013*. Publication. Urban Planning and Policy, University of Illinois at Chicago. Chicago, IL: Great Cities Institute, 2016.

¹⁶ Weber, Rachel, Ph. D., Stephanie Farmer, Ph. D., and Mary Donoghue. *Why These Schools? Explaining School Closures in Chicago, 2000-2013*. Publication. Urban Planning and Policy, University of Illinois at Chicago. Chicago, IL: Great Cities Institute, 2016.

¹⁷ Hurdle, Jon. “Education Department to Hear School Closing Complaints.” *The New York Times*, January 28, 2013, sec. Education. <https://www.nytimes.com/2013/01/29/education/education-department-to-hear-school-closing-complaints.html>.

¹⁸ Leanne Serbulo, « Closing schools is like “taking away part of my body”: the impact of gentrification on neighborhood, public schools in inner Northeast Portland », *Belgeo* [Online], 2-3 | 2017, Online since 31 December 2016, connection on 23 November 2017. URL : <http://belgeo.revues.org/19835> ; DOI : 10.4000/belgeo.19835

Best Practices in Revitalizing Vacant School properties

Lessons from Kansas City

A January 2017 Chicago Reporter article praised Kansas City for its efforts to find new uses for shuttered public schools.¹⁹ Pew Charitable Trust also recognized Kansas City for its engagement with the public at the beginning of the school closing process stating “Kansas City’s was among the best-received by the public, with little bad feeling evident even after the district closed half of its schools in two years.”²⁰

In developing its *Repurposing Initiative* for closed schools, Kansas City Public Schools engaged in a four-phase process to promote closed school properties. The initiative started with a year-long community engagement and planning process which was described as informing “community-driven reuse strategies.”²¹ The four phases were: site tours, reuse assessments, reuse strategy and action planning, and site disposition.

Site tours allowed community partners and interested parties to assess the condition and layout of potential project sites. These sessions also served as an opportunity to gather direct feedback from the community on reuse options.²²

Reuse assessments involved presentations from the district’s technical experts to the community outlining the “reuse potential” for each site. These presented another opportunity for the community to provide input on reuse strategy.²³

The Reuse Strategy and Action Plans were school board adopted plans outlining the recommended reuse and disposition strategy. This plan was reviewed by technical experts and a community advisory board. The last step of the process, site disposition, involved selling or leasing the school site in accordance with the adopted Reuse Strategy and Action Plan.²⁴

Key takeaways from Kansas City’s approach are the many opportunities for community input, the dedication of resources to engage the community and appropriately market school properties, and a planning process that helped inform how KCPS would approach reuse and sale of school properties. This process was led by Shannon Jaax—an urban planner with a background in community development—who served as director of KCPS’s Repurposing Initiative Office. The office also worked with outside experts in

¹⁹ “In Kansas City, a Lesson in Transforming Closed Schools.” Chicago Reporter. Accessed March 2, 2018. <http://www.chicagoreporter.com/in-kansas-city-a-lesson-in-transforming-closed-schools/>.

²⁰ “Closing Public Schools in Philadelphia: Lessons from Six Urban Districts.” Accessed March 2, 2018. <http://pew.org/2yH8lzu>.

²¹ “Repurposing Initiative”. Kansas City Public Schools. Accessed March 2, 2018. <https://www.kcpublicschools.org/site/handlers/filedownload.ashx?moduleinstanceid=1330&dataid=1262&FileName=Repurposing%20Overview.pdf>

²² *ibid*

²³ *ibid*

²⁴ *ibid*

historic preservation, architecture, and real estate development to gather building and market data to inform the public and potential buyers about options.²⁵

Lessons from Philadelphia

The *New Life for Old Schools* (2013) report from the Philadelphia School Reuse Studio highlighted several policy recommendations regarding reuse of old school sites. One example was the School Redevelopment Initiative (SRI) proposed by a team of University of Pennsylvania students in 2012. SRI took a portfolio management approach where a redevelopment agency would manage the entire portfolio of schools for sale and use proceeds from properties that were more marketable and more valuable to support maintenance and marketing of less desirable school properties through a revolving fund.²⁶ This proposal also called for integrating public engagement and market studies into the RFP process.

The judging team praised this approach for removing school maintenance from the school district's budget, using proceeds from marketable sites to support less marketable sites, and the ability to tap outside funding sources. Drawbacks included the capital investments needed to support development at school sites with unclear futures and the time it would take for the school district to receive sale proceeds.²⁷

The *New Life for Old Schools* (2013) report also drew examples from the Department of Defense's (DOD) Base Realignment and Closure (BRAC) commission. The report cited "clear delineated authority, explicit expectations for the process, and a strict timeline" as strengths of the process.²⁸ The report also highlighted the role of Local Redevelopment Authorities (LRAs) for each base facing realignment or closing. These LRAs are described by DOD as "the core" of BRAC transitions and serve as the coordinating body for local communities. The LRA is comprised of relevant state, local, or tribal governments; federal agencies; and private sector representatives who serve on one of the seven committees: base planning, economic development, housing and homelessness, health, human resources, education, and environmental. The LRA includes an executive committee, as well as staff who coordinate with relevant DOD actors and prepare and implement the redevelopment plan.²⁹ The key takeaways from

²⁵ Kansas City Public Schools Repurposing Initiative Information Sessions. April 4th and 6th 2011. Accessed March 2, 2012. <https://www.kcpublicschools.org/Page/610>

²⁶ Blitzstein, Jesse, Sara Bradt-Vorel, Peter Chomko, Christopher Cummings, Lindsey Gael, Daniel Rhine, Elana Taubman, and Liza Wallis. *New Life for Old Schools*. Publication. School of Design, University of Pennsylvania. Philadelphia School Reuse Studio, 2013.

https://issuu.com/pennpraxis/docs/new_life_for_old_schools_final_report_2013

²⁷ *ibid*

²⁸ *ibid*

²⁹ "Establish an LRA." US Department of Defense, Office of Economic Adjustment. Accessed March 2, 2017. <http://www.oea.gov/how-we-do-it/base-realignment-and-closure/establish-lra>.

the DOD's approach was a clear process and timeline that help give certainty around the process and a clear commitment to engaging the local community.³⁰

Summary

The Kansas City and Philadelphia approaches offer a helpful integration of approaches for how communities should address school closures. Under both approaches, a policy framework is offered that considers schools as more than properties needing to be sold or demolished. The best practice strategies outlined above are:

1. Develop a clear timeline and process to guide the development process

Community members want clarity about school districts and municipalities are doing with closed public schools. Developers are interested in having clearly laid out processes that save time and money. School districts and municipalities should work on the front end to develop a clear process to help each group understand what is happening and where they are able to get involved in the process.

2. Engage the local community in decision making about future of school site

As highlighted above, people have an emotional connection to public schools and they represent something special within neighborhoods. Angry neighbors could also derail a well-meaning redevelopment process if they are not considered and listened to. School districts and municipalities should develop processes that seek to constantly communicate and engage the community in the redevelopment of their local schools. This also creates space for the community to generate ideas to improve developments.

3. Gather data about school sites and local markets using technical experts to inform development plans and provide interested parties with relevant data

One of the most important parts of the development process is understanding what you are working with. Lack of data about buildings, land concerns, and limitations slow down the development process and keep important information from the people who may have ideas to address challenges.

4. Establish interdisciplinary teams to lead the planning process

Development projects require a special set of skills and school districts are often left to manage the process without the support of planning staff or other real estate and/or community development professionals. School districts and municipalities should identify that talent within the organization or engage external partners to ensure that the

³⁰ Blitzstein, Jesse, Sara Bradt-Vorel, et. al. New Life for Old Schools. Publication. School of Design, University of Pennsylvania. Philadelphia School Reuse Studio, 2013.

process is more than offloading schools. Sale of school properties is no guarantee that development projects will follow.³¹

Applied Case Study

The preceding literature provides a public-sector perspective on the challenge of addressing a national trend of closing public schools and communities seeking new uses. The following case study applies development finance techniques to assess the feasibility of a redevelopment of a closed school site in Detroit, MI. Detroit has experienced significant challenges in dealing with more than 100 closed school sites since the 1990s. The purpose of the case study is to approach the redevelopment from a private sector perspective. By approaching this issue from both a public and private perspective I hope to offer public officials and the public with a better understanding of the issue of closed public schools and a greater appreciation of the challenges in redeveloping these sites.

³¹ "Philadelphia and Other Big Cities Struggle to Find Uses for Closed Schools." Accessed March 24, 2018. <http://pew.org/2yKbizp>.

Community Scan

Overview

Detroit Public Schools own many school properties that are no longer in use. These schools at minimum have become eyesores for the community and at worse serve as hubs for criminal activity. One such property is the former Ruddiman Middle School, which has sat vacant since 2010 following its closure as the Cody High School 9th Grade Academy.³² Since 2010, the property has received attention for being a potential crime scene after the discovery of a deceased person, and as a model for how to board up and protect vacant school sites.

Social and Economic Conditions and Trends

The project site is entirely located within the 48228 Zip Code of the City of Detroit. As such, this report uses the zip code area as representative of the project site area. According to 2016 American Community Survey 5-year estimates, the total population for the area was 52,342, which represented a 3% decrease from 2011 ACS 5-year estimates. Which was slightly less than the City of Detroit's population decline of 7% over the same period. The estimated median household income in the area was \$23,727 an 11% decline from the 2011 ACS estimate, and slightly less than the City of Detroit which had an estimated median income of \$26,249 in 2016. The 2016 ACS estimated Michigan's median income at \$50,803.

In terms of housing, 72.2% of housing units in the area are occupied, and of those occupied units 50.9% is owner-occupied. Overall, the area is experiencing economic distress, as indicated in the low median wage and the significant number of vacant homes. This presents both a challenge and an opportunity. Later analysis will help to clarify the market potential in the area. Additionally, a transformative project in the area could provide many benefits to the surrounding community.

In terms of employment, according to 2015 data from the Local Employer-Household Dynamics (LEHD) OntheMap application, the three largest employment industries by share of jobs are Health Care and Social Assistance (21%); Administration and Support, Waste Management and Remediation (12.5%); and Accommodation and Food Service (11.2%). Manufacturing represented the fourth largest employment sector (9.9%). In 2010, the top industries were Health Care and Social Service (25.6%); Accommodation and Food Services (10.1%); and Administration and Support, Waste Management and Remediation & Retail Trade tied for third with 9.6% of total jobs in the City. Manufacturing was fourth again with 7%. Between 2010 and 2015, the total number of jobs in the area increased by 6%. In comparison, the total number of jobs in the State of Michigan increased 11%. According to the Bureau of Labor Statistics's Local Area

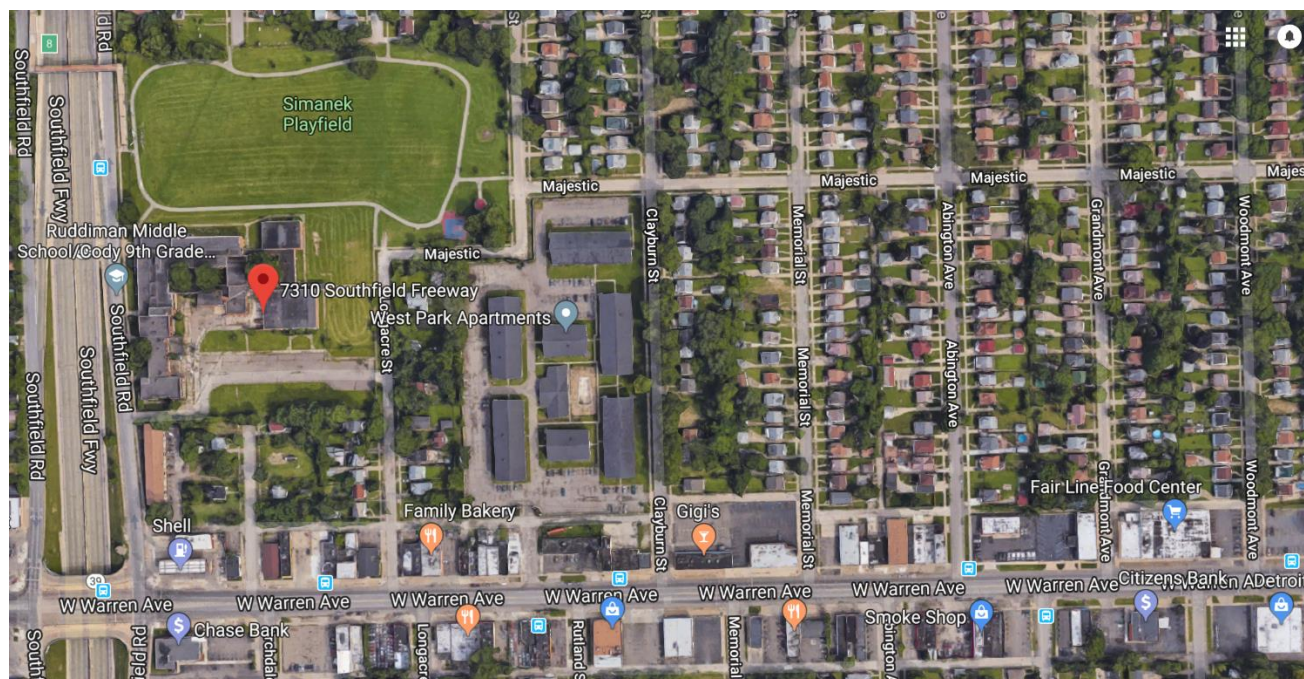
³² "Ruddiman Middle School/Cody 9th Grade Academy." Detroit-ish.com. Accessed October 1, 2017. <http://detroit-ish.com/photos/ruddiman-middle-schoolcody-9th-grade-academy/>.

Unemployment Statistics (LAUS), the city of Detroit had a 10.9% unemployment rate in 2016, which was 5.9 percentage points higher than the State of Michigan overall.

Project Site

As discussed above, the project site at 7355 Southfield Freeway is located on the service drive of the M-39 Southfield Freeway. The annual average daily traffic on the north and southbound service ramps near the site is roughly 16,000.³³ The surrounding area is primarily residential, and the area is zoned as R-1 which is designated as a single-family residential district. The project site is within walking distance to the area's primary commercial corridor along Warren Avenue and sits next to a City-owned park.

Image 1.1: Project site and surrounding area



Source: Google Maps, March 11th, 2018

The site itself is the former Ruddiman Middle School and more recently Cody 9th Grade Academy. The school was built in 1922 and an expansion in 1956 added more classrooms, an auditorium, and a gymnasium. The surrounding community is the Warrendale and Warren Ave communities. The area was formerly a small town named Warrendale that the City of Detroit annexed in the early 20th century to bring the residents into the city's water system.³⁴ The community is primarily residential and formerly represented one of the wealthiest communities in Detroit. Based on personal experience visiting the community, Warrendale still represents a relatively stable area

³³ Southeast Michigan Council of Government, Traffic Counts

³⁴ "Ruddiman Middle School/Cody 9th Grade Academy." Detroit-ish.com. Accessed October 1, 2017. <http://detroit-ish.com/photos/ruddiman-middle-schoolcody-9th-grade-academy/>.

within the City of Detroit. There are several well-maintained homes in the neighborhood and neighbors continue to look out for one another.

Local Plans and Developments

There does not appear to be a specific small area or development plan for the area other than its zoning designation as R-1 residential. This planning designation is described as ‘single-family residential’ and represents the lowest density of residential uses.³⁵ However, because the project involves a school, Detroit’s School Building Adaptive Reuse Ordinance allows for 19 conditional uses (see Table 1-1):

Table 1-1: City of Detroit, Conditional Uses under School Building Adaptive Reuse Ordinance

1. Assisted living facility located on a major or secondary thoroughfare
2. Boarding school and dormitory located on a major or secondary thoroughfare
3. Convalescent, nursing, or rest home located on a major or secondary thoroughfare
4. Loft
5. Multiple-family dwelling
6. Adult day care center
7. Child care center
8. Educational institution
9. Governmental service agency
10. Library
11. Museum
12. Business college or commercial trade school
13. Medical or dental clinic, physical therapy clinic, or massage therapy clinic
14. Office, business, or professional
15. Radio or television station
16. Recording studio or phone studio or video studio (excluding assembly halls)
17. Recreation, indoor commercial and health club
18. School or studio of dance, gymnastics, music, art, or cooking

Source: Detroit Public Schools, Office of Real Estate, Real Estate Program Book (2014)³⁶

Additionally, there is a proposed plan from the Detroit Economic Growth Corporation (DEGC) for the neighborhood to the north of Warrendale. The Joy-Southfield neighborhood was cited for its active community group and potential to attract customers from the surrounding area.³⁷ DEGC’s plan called for better organization of businesses in the area to support growth and walkability. Improvements in the area could help to serve as a driver for the Warrendale community to organize and identify potential plans for the development of the area. There is an opportunity here for the City to facilitate this planning and engagement process.

³⁵ <http://detroitk12.org/content/wp-content/uploads/2014/01/Detroit-City-Planning.pdf>

³⁶ <http://detroitk12.org/content/wp-content/uploads/2014/01/Real-Estate-Program-Book-FINAL.pdf>

³⁷ Detroit Neighborhood Retail Opportunity Study, Detroit Economic Growth Corporation, January 2018

Additionally, relevant here are the improvements and developments at the former Herman Gardens Public Housing Site. “The Gardens”—as it was colloquially known—is a 139-acre site located on the northern end of the Warrendale neighborhood, and the original site closed in 1997.^{38,39} In 2007, the Detroit Housing Commission completed construction on the Detroit/NFL Boys and Girls Club Youth Education Town – a recreational and education complex located on the former Gardens site. In 2009, The site opened the first phase of the planned 833-unit mixed-income development—supported with a 1996 HUD Hope VI Revitalization Grant.⁴⁰ In 2017, the Michigan State Housing Development Agency approved \$23.4 million towards continued development at the site.⁴¹ This development activity hints at an area that is poised for future growth and development. The analyses performed later in this report will offer detailed insight into land use, the local market, and financing options around a proposed redevelopment at the former Ruddiman School site.

Parcel Analysis

Introduction

The parcel analysis section provides insight into the use of space and structures within a study area. The project site—formerly Ruddiman Middle School—is located in the Warrendale neighborhood along the M-39 (Southfield Freeway) service drive. The study area in this report is defined as the neighborhoods of Warrendale, Warren Ave Community, and Garden View. This area includes many residential properties as well as the commercial corridor along Warren Avenue. The primary metrics this parcel analysis focuses on are land use and parcel type, building and land valuation, property development/vacancy, and ownership. The data used for this analysis was gathered using the City of Detroit’s data website.

The data in Table 2.1 supports the area’s residential character. Ninety-five percent of developed parcels are coded residential and the taxable value of these properties is roughly \$91M. This data highlights the importance of residential use in the study area. It also highlights the significant amount of vacant and undeveloped property/land which is discussed later in this section.

³⁸ <http://www.dhcmi.org/DevelopmentSiteDetails.aspx?siteid=13>

³⁹ <http://www.michigan.gov/som/0,4669,7-192-26847-406348--,00.html>

⁴⁰ *ibid*

⁴¹ *ibid*

Table 2-1. Summary of Parcels in Warrendale Study Area (As of February 2018)

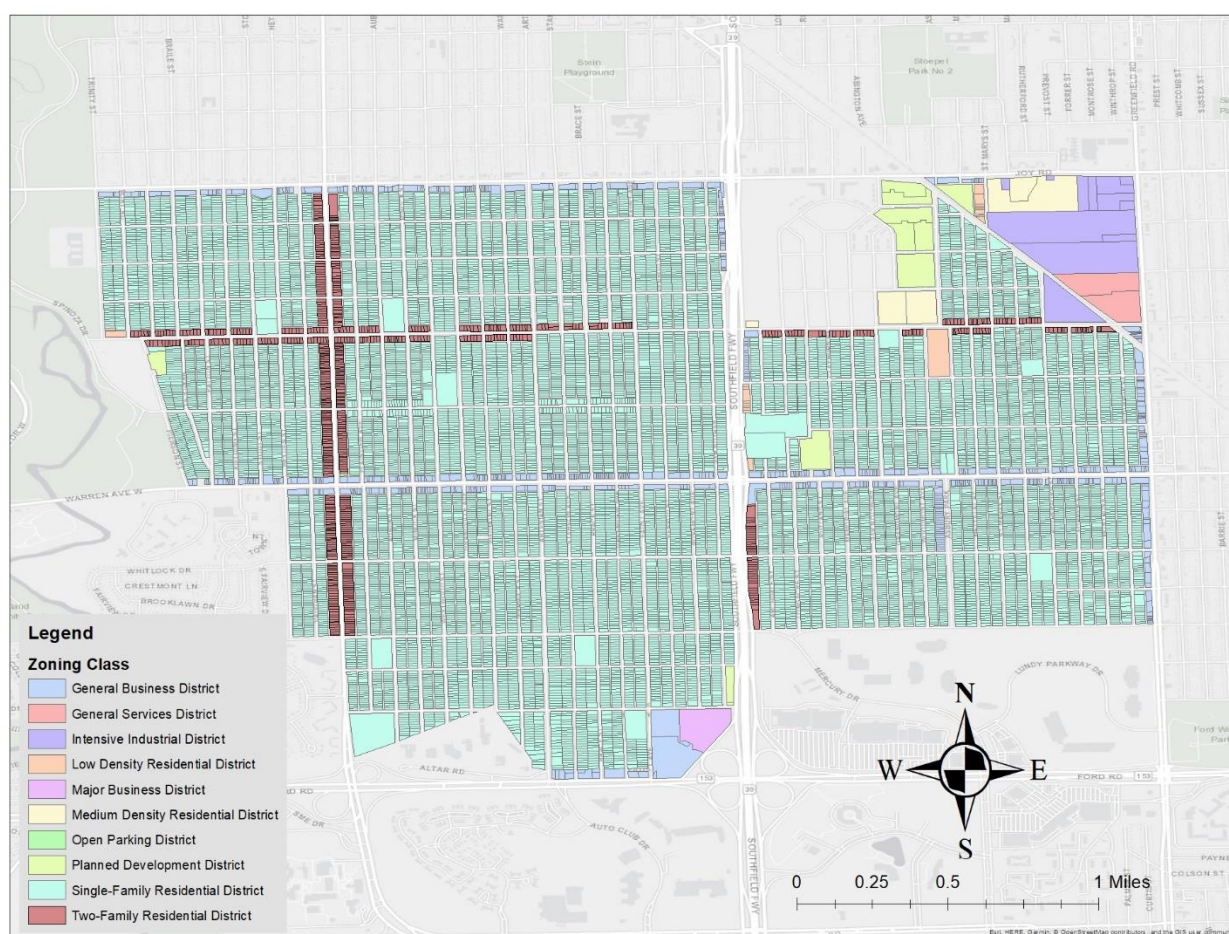
	Number of Parcels	Total floor area	Total acreage	Total Land value	Taxable Value	Average Value/SF
Developed	10,786	11,824,156	1,382	\$ 9,937,067	\$ 118,187,485	\$ 20.26
Commercial	432	1,974,028	142	\$ 1,910,691	\$ 26,879,564	\$ 37.53
Industrial	1	1,018	0	\$ 352	\$ 6,000	\$ 11.79
Exempt	16	177,432	34	\$ 255,228	-	-
Residential	10,337	9,671,678	1,206	\$ 7,770,796	\$ 91,301,921	\$ 19.57
Undeveloped	2,328	7,413	333	\$ 2,355,642	\$ 725,232	-
Commercial	178	-	19	\$ 286,957	\$ 519,896	-
Industrial	1	-	0	\$ 4,458	\$ 3,834	-
Exempt	64	7,413	80	\$ 584,920	-	-
Residential	2,085	-	233	\$ 1,479,307	\$ 201,502	-
Grand Total	13,114	11,831,569	1,715	\$ 12,292,709	\$ 118,912,717	\$ 16.66

Source: City of Detroit Parcel Data, Detroit Open Data, March 2018

Land Use

Figure 2.1 highlights the various land uses within the project study area. Detroit's significant recent history with home vacancies and foreclosures led me to separate property uses by developed and undeveloped land. The study area is 82.5% developed and 95% of this developed land is residential. Overall, residential properties account for 94.4% of total parcels, both developed and undeveloped. Commercial uses account for 3.8% of developed land and 5% of total parcels. Commercial uses are concentrated along Warren Ave, which represents the lifeblood of commercial activity in the area. Another notable aspect given Detroit's history is private vs public ownership. 84.8% of parcels in the study area are privately-owned. The privately-owned properties represent a \$73.5M tax base for the city. In summary, this data highlights the area's primarily residential character which is anchored by commercial uses along Warren Ave.

Figure 2.1: Study Area Land Use

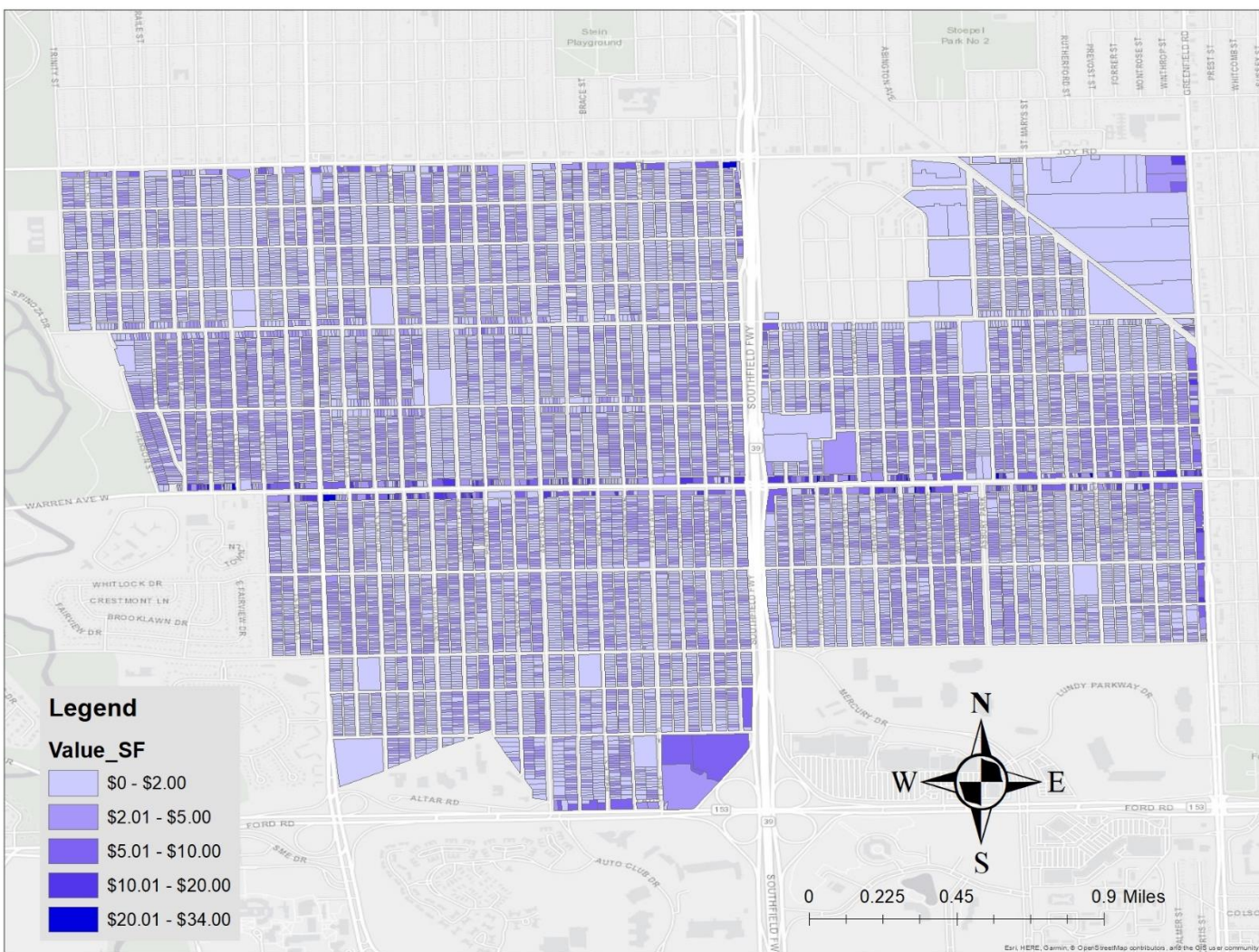


Source: City of Detroit Parcel Data, Detroit Open Data, March 2018, Prepared by Ellis Johnson II

Building and Land Value

Figure 2.2 details building values per square foot for the study area. The property uses with the highest value per square foot are commercial, and along the Warren Avenue Corridor. This is likely driven by the number of residential properties that are vacant or undeveloped (15.7%). It is likely that those vacant or undeveloped parcels have decreased property values throughout the study area. Commercial uses had an average value per square foot of \$7.11. Which is significantly higher than the average value per square foot for residential uses (\$1.77).

Figure 2.2: Building Value per Square foot



Source: City of Detroit Parcel Data, Detroit Open Data, March 2018, Prepared by Ellis Johnson II

As discussed above, vacancies in the area represent a significant challenge. Additionally, as indicated on **Figure 2.3**, a number of these vacant parcels are scattered throughout the study area, making a larger scale redevelopment and costly. Additionally, these vacant properties pose challenges for existing homeowners through decreased home values and potential safety issues such as fire or criminal activity.⁴² According to tax and parcel data, 18% of parcels in the study area are vacant or undeveloped.⁴³ Of that 18%, ninety-percent are labeled residential.

[illegible]

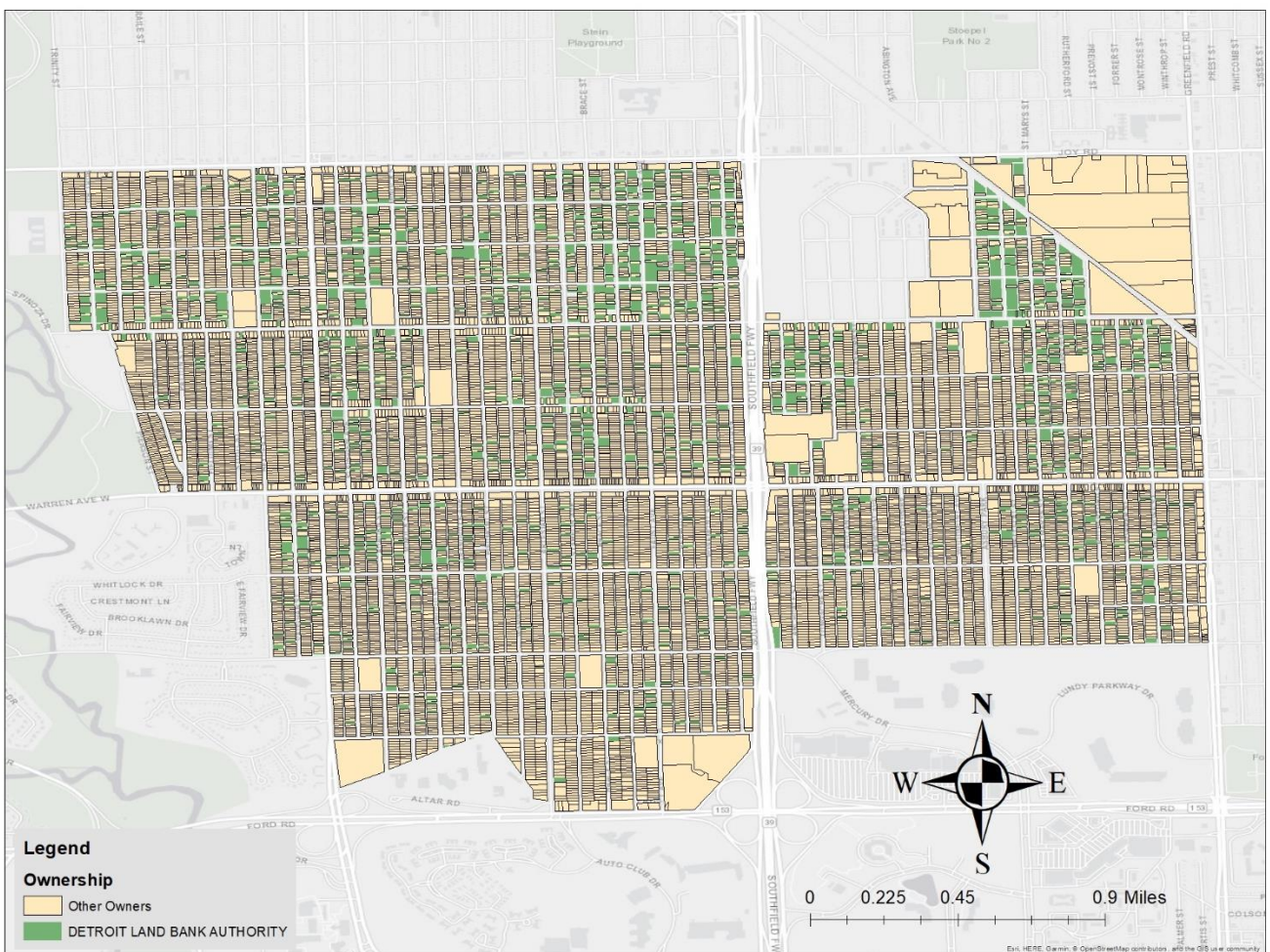
⁴² "Volume of Abandoned Homes 'Absolutely Terrifying.'" Accessed March 24, 2018. <https://www.detroitnews.com/story/news/special-reports/2015/05/14/detroit-abandoned-homes-volume-terrifying/27237787/>.

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Ownership

Figure 2.3 further highlights the challenges with vacant buildings, undeveloped land, and residential uses. The map below shows the number of parcels owned by the area's largest landowner—the Detroit Land Bank. The Detroit Landbank owns 1,655 parcels which represent 12% of total parcels and almost 11% of the total acreage in the area. Depending on the condition of buildings and land, the significant public represents a challenge for growing the local tax base. It also represents an opportunity for the city to engage community members to better understand their values and how the community would like to see the area develop or improve.

Figure 2.3: Ownership



Source: City of Detroit Parcel Data, Detroit Open Data, March 2018, Prepared by Ellis Johnson II

Conclusion

The data above highlight several challenges and opportunities for further planning work. The area has a significant vacancy problem along with an aging building stock (96% of buildings in the area were built prior to 1960). Additionally, there is a significant amount of public ownership in the area via the Detroit Land Bank. While these items are challenges, they also represent opportunities to reignite the community by developing new housing and commercial buildings to attract locals who may be deterred from moving into the community due to the aging building stock. Additionally, there is an opportunity for public engagement regarding potential community uses for properties/land held by the land bank.

Market Analysis

Residential

The first step in determining the potential market for residential units is to determine a market area. The market area represents a relevant region where potential residential customers would be drawn from. In performing this market analysis, I set the residential market area as the Warrendale, Warren Avenue, and Garden View neighborhoods. This market area represents a well-defined area of Detroit, which offers similar residential properties and amenities. Although this analysis is limited by a lack of data from Dearborn, MI--which borders the market area to the south—the area's declining population and the difference in housing stock and price in that area of Dearborn makes it less likely that the areas would appeal to similar groups of potential tenants.

The primary challenge for this area is vacancy and an aging and depleting housing stock. Based on population projection data from ESRI Business Analyst, the number of households in the market area will remain relatively stable between 2017 and 2022 (See Table 3.1) [ESRI Business Analyst, Housing Profile 2017]. Overall, projections for the market area and the City of Detroit were relatively similar.

Table 3.1. Projected Annual Change in Housing Status, 2017-2022

	Study Area	City of Detroit
Households	-0.51%	-0.64%
Total Housing Units	0.07%	-0.01%
Total Owner-Occupied Units	-0.78%	-0.78%
Total Rental Units	-0.20%	-0.51%
Vacant	1.49%	1.60%

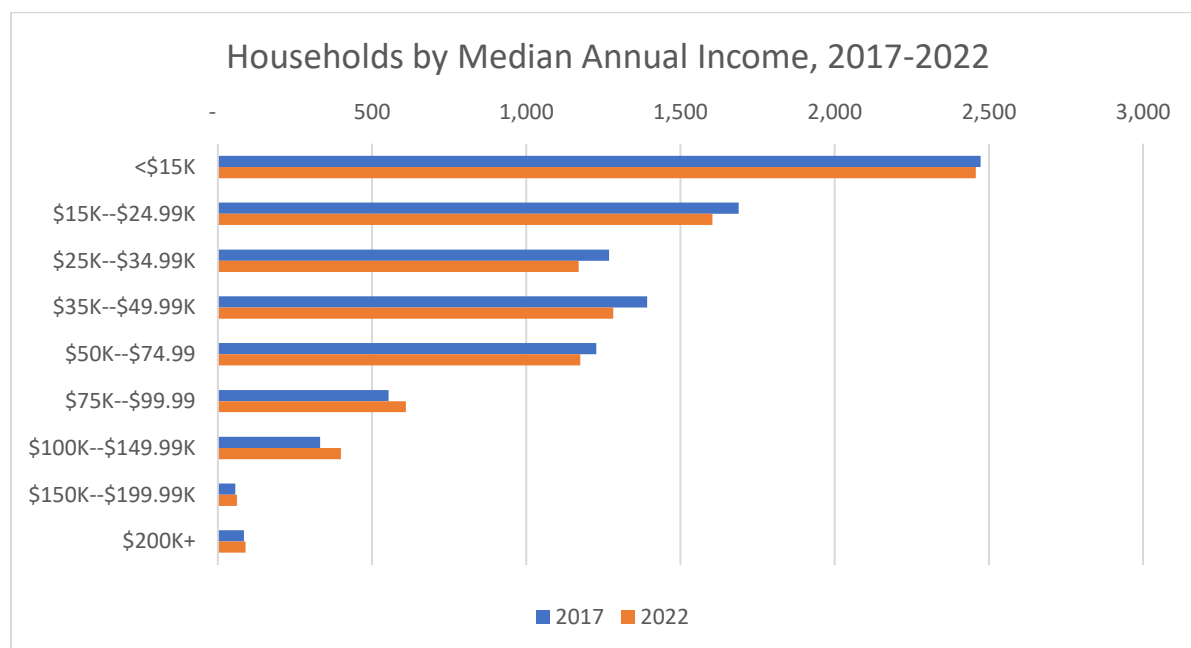
Source: ESRI Business Analyst, Housing Profile 2017

More than 95% of homes within the market area were built before 1959. Most of those homes (63%) were built between 1940 and 1959. The aging housing stock combined with the number of vacant or undeveloped parcels (16%) serves as an indicator that the

study area may benefit from new types of housing products—especially given a lack of new residential developments since 2012.

Another important aspect of understanding the residential market is understanding local household incomes and housing cost burden. The median household income for the residential market area was \$27,351 in 2017 (ESRI BAO, Demographic and Income Profile 2017). The median income is projected to remain roughly the same by 2022. In 2017, nearly half (45.8%) of households within the residential market lived below the median household income. Additionally, households making less than \$75K account for all of the projected household loss between 2017 and 2022. Given the stagnant median wages projected for the area and the depleted housing stock, these losses could potentially indicate that potential households are leaving the area in search of suitable housing.

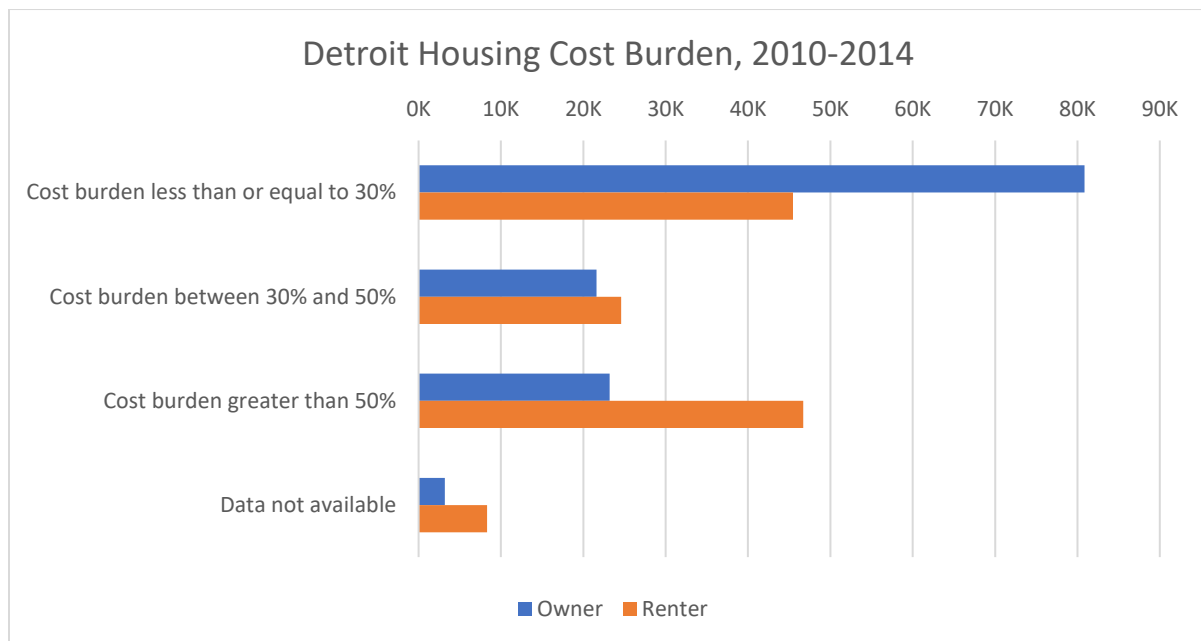
Figure 3.1



Source: ESRI Business Analyst, Housing Profile 2017

According to the Department of Housing and Urban Development's (HUD) Comprehensive Housing Affordability Strategy (CHAS) data, City of Detroit homeowners and renters are experiencing significantly different burdens. Nearly 40% of homeowners are experiencing a cost burden (spending greater than 30% of their household income on housing). In contrast, 63.5% of renters experienced a cost burden. These data highlight the significant burdens for Detroit residents, especially those residents who are renting their homes.

Figure 3.2



Source: HUD CHAS, February 2018

In addition to reviewing residential trends, this report includes comparable properties to give a sense of appropriate rents for the financial analysis. As indicated above, identifying good comparable is difficult given the age of the areas housing stock. Additionally, while there are a number of mixed-use developments being developed in the City of Detroit, the asking rents would not be appropriate for the study area, which has a lower median wage than the City of Detroit. The two comparable properties highlighted below are proximate to the study area and give a rough estimate of rents a potential residential development could ask (around \$1 per SF/mo).

Table 3.2 Residential Comparable Properties

	14801 Joy Rd.	4031 Wesson St
Leasable units	14	24
Monthly Rent	\$450-550	\$475-575
Square Footage	500-700	590-700
Rent/SF/Mo	~\$1	\$0.80-\$0.82
Year Built	1964	1924
Parking	Yes	N/A

Source: Loopnet.com

Office

The Detroit-Warren-Dearborn MSA serves as the office market area for this report. Employment data used for the analysis is only available at the county and MSA level, and the MSA represented a more precise study area. Additionally, Detroit remains an important employment center for the state and the region, and the areas covered by the MSA are likely regions a potential employer may consider.

Before determining office space needs it is helpful to understand current employment trends in the office market. In terms of employment, the office market represents industries that are likely to include office a significant number of office jobs. Between 2012 and 2016, the Detroit-Warren-Dearborn MSA lost 204,366 office market jobs. As previously discussed, Detroit was still experiencing the effects of a serious economic downturn. To better understand current market conditions this study focuses on more recent data from 2014 to 2016.⁴⁴ During this time, the Detroit-Warren-Dearborn MSA added 10,591 office jobs. The industries with the largest growth were Telecommunications (8,227 new jobs), Publishing [except internet] (6,868 new jobs), and Credit intermediation and related activities (3,012 new jobs).

Unfortunately, Detroit does not provide building use data more specific than commercial use. This makes independently calculating an appropriate capture rate difficult. This report uses an office capture rate determined by Plante Moran Cresa. In Q4 of 2016 Plante Moran Cresa stated that Detroit's capture rate was roughly 8.75%. This means that the City of Detroit is estimated to be able to "capture" 8.75% of total office space being developed in the Metro Detroit region.⁴⁵

Using this capture rate, employment data is used to predict potential future demand. This method uses 2016 QCEW data and Bureau of Labor Statistics growth projections to determine the potential number of office jobs being added to the economy in the next five years. This method estimated that the Detroit-Warren-Dearborn MSA is projected to add 1627 office jobs in the next five years. Using a 200 square foot per person estimate⁴⁶, the Detroit-Warren-Dearborn MSA is expected to need 325,452 square feet of office space in the next five years.

This analysis tells us that the Detroit-Warren-Dearborn MSA is adding jobs indicating demand for office space. The challenge for the former Ruddiman school site in capturing some of this additional office space is its proximity to a predominantly residential neighborhood, competition from office products in neighboring Dearborn, and a market focus on redeveloping in and near downtown Detroit.

⁴⁴ 2016 is the last year complete BLS QCEW data is available (at the time of this report)

⁴⁵ "Q3 2016 Metro Detroit Office & Industrial Real Estate Market Summary [New Data] | Explore Our Thinking | Plante Moran." Accessed March 24, 2018. <https://www.plantemoran.com/explore-our-thinking/insight/2016/11/q3-2016-metro-detroit-office--industrial-real-estate-market-summary-new-dat>.

⁴⁶ The 200 SF estimate is based on office size trend data from NAIOP, Commercial Real Estate Development Association and CoreNet Global

The following office comparable properties are from the local area and indicate a relatively minimal asking rent for office properties. Given these numbers and the above analysis, office uses may not offer the returns needed to help make the project financially feasible.

Table 3.3. Office Comparable Properties

	16221 Plymouth Rd	20775 Pembroke Ave
Leasable units	1	2
Monthly Rent	\$3,521-\$5,363	\$23,000
Square Footage	13,000	46,000
Rent/SF/Mo	\$0.27-\$0.41	\$0.50
Year Built	1958	1931
Lease Type	NNN	NNN
Former Use	Supermarket	Medical, Senior Housing, Salvation Army

Source: Loopnet.com

Retail

To determine the potential for retail in the study area this report uses retail leakage and surplus data from ESRI Business Analyst. This type of analysis seeks to clarify the supply and demand drivers for retail in a market area. Retail leakage refers to sales not captured within the market area (Demand>Supply). Retail surplus refers to greater supply than demand.

Given the proximity of the site to a major highway, there is quick regional access to a variety of retail establishments. Given this access, the retail market area is based on a 10-minute drive time analysis. Additionally, this report narrowed the list of retail products to better match the type of business that would match the neighborhood.⁴⁷ Looking at 4-digit NAICS codes in the retail market area, the highest retail leakage occurred in the Grocery Store sector (\$46M) followed by General Merchandise [excluding Department Stores] (\$44M). The retail surplus was driven by Health & Personal Care Stores (\$69M), Clothing & Clothing Accessories Stores (\$64M), and Beer, Wine, & Liquor stores (\$57M). To determine an appropriate capture rate, this report compared the number of businesses in the study area with the number of businesses in the retail market area (10-minute drive time), which resulted in a capture rate of 9%.

⁴⁷ Motor vehicles & parts dealers (NAICS 441); Bldg Materials, Garden Equip. & Supply Stores (NAICS 444); Gasoline Stations (NAICS 447); and Nonstore retailers (NAICS 722) were excluded from this analysis

Table 3.4. Retail Leakage and Surplus, Feb. 2018

Study Area		# of businesses
Leakage	\$32,134,711	39
Surplus	-\$13,036,813	87
Total	\$19,097,898	126
10 min Drivetime		# of businesses
Leakage	\$25,157,612	244
Surplus	-\$315,984,023	1,139
Total	-\$290,826,411	1,383

Source: ESRI Retail MarketPlace Profile, Accessed Feb. 2018

Table 3.5. New Supportable Retail SF from Leakage, Feb. 2018

Total Applicable Sales Leakage (Retail Market)	\$25,157,612
Estimated Average Retail Sales Per SF*	350
New Retail SF Supportable in Trade Area	71,878
Change in Households Over Next 5 Years (Study Area)	-227
Average US Retail per Household*	113
New Retail Space Demanded	-25,651
Total New Supportable Retail SF Demanded	46,227
Study Area Capture Rate	9%
Study Area Supportable Retail SF	4,160

*Based on ULI 2008 Dollars & Cents (adjusted for inflation)

Source: ESRI Retail MarketPlace Profile, Accessed Feb. 2018

Table 3.5 details the process for determining how much retail could be supported in the study area using retail leakage data and household growth data. These data tell us that the study area could support 4,160 SF of additional retail space.

The following retail comparable properties strongly supported a \$1/SF/Mo. rental rate. Both sites are within the same neighborhood as the Ruddiman MS project site. Given the age of both retail products, it is likely that our new use would be able to ask for slightly higher rental rates, based on a unique community asset.

Table 3.6. Retail Comparable Properties

	20222 Plymouth Rd	19144 W Warren Ave
Leasable units	1	1
Monthly Rent	\$3,158	\$800
Square Footage	3,227	800
Rent/SF/Mo	\$1.00	\$1.00
Year Built	1957	1931
Lease Type	NNN	Gross plus utilities
Former Use	Bank	Unknown includes kitchen facilities

Source: Loopnet.com

Recommendation

The above analysis highlights the challenges of an aging housing stock within the study area, as well as stagnant population trends. The retail analysis indicated the potential opportunity for the right type of retail driven by retail leakage data. Additionally, it is important to note that our understanding of the current market is limited by the data available. In each market analysis, we use past data to predict future trends. Look at past performance provides us with a safer/more conservative assessment of the market, but we are limited in our understanding of how a different set of products may affect demand within the market areas.

Given these limitations—and the above analysis—I propose a program that includes ground floor retail/commercial and second-floor residential uses. A project of this type will introduce unique assets into the local community, which has seen minimal building construction since the 1950s. The primary challenge here will be the size of the project site which is 84,763 SF on nearly 2 acres of land. Additionally, conditional use options for the site if it is torn down are limited by Detroit’s zoning code.

Financial Analysis

Data and analysis from the Market Analysis section give the necessary information to assess the financing for a potential development project at the former Ruddiman site. The following analysis uses a pro forma model to assess the necessary conditions to develop a viable project that would be able to attract private investment dollars.

Proposed Space Program

The proposed space program for this redevelopment is 36,109 SF of ground floor commercial with two floors of residential—18,054 SF each. The uses here represented an 85% program efficiency estimate. This program was informed by the market analysis, which supported both retail and residential uses in the area. Additionally, this development introduces new commercial and residential spaces in an area with a building stock that is quite old. The project itself maintains the residential make-up of the surrounding community and presents an opportunity to recruit commercial businesses matching the community’s character.

Base Case Scenario

The first stage in developing a financial analysis was to develop a base case scenario. The base case scenario is a cost projection based on minimal external investments into a project. The base case also makes several assumptions, such as:

- the development would be eligible for historic tax credits,
- Commercial rent would be \$12/SF/Year and Residential rents would be \$1/SF/Month based on the market analysis
- The vacancy rates for commercial and residential would be 5% in Year 1 and 10% each year after

The estimated approved loan size of \$3.27 million for this project was based on the stabilized NOI method. The approach models a loan based on the net operating income in year 2 (when the project stabilizes). The NOI of the base case in year 2 was \$298,308. Additionally, the project was assumed to have a 5% interest rate and a 25-year amortization.

The acquisition price was estimated to be \$150,000. The City of Detroit is selling its vacant school buildings based on the highest reasonable bid. Additionally, given the tax-exempt status of school properties, there is a lack of external data to estimate a fair market value. As such, the acquisition price was based on previous school building sales and general market conditions. The base building construction costs here are estimated to be \$95 per square foot. The unknown condition of the building and it being vacant since 2015 called for being more conservative in estimating these costs.

The following tables outline the sources and uses for the project. Each category equals \$14,077,077. As indicated in **Table 4.1**, cash and loans make up most sources of funding during the development. This trend continues for permanent sources as indicated in **Table 4.2**, which also includes about \$2M in equity from the housing tax credits. **Table 4.3** highlights that most of the project costs are being driven by the hard costs of rehabbing the building, which represents 80% of uses.

Table 4.1. Development Period Sources

Cash	61%	\$ 8,647,972
Deferred Developer Fee	0.4%	49,429
Federal HTC Equity	2%	263,577
Bridge Loan	13%	1,845,040
Construction Loan	23%	3,271,058
Total Dev. Period Sources		\$ 14,077,077

Source: Author's Proforma Analysis

Table 4.2. Permanent Sources

Development Equity	61%	\$ 8,647,972
Deferred Developer Fee	0.4%	49,429
Federal HTC Equity (excluding the last installment)	15%	2,108,617
Mortgage	23%	3,271,058
Total Permanent Sources		\$ 14,077,077

Source: Author's Proforma Analysis

Table 4.3. Uses

Acquisition	1%	\$ 150,000
Hard Costs	80%	11,207,788
Soft Costs	19%	2,719,289
Total Dev. Uses		\$ 14,077,077

Source: Author's Proforma Analysis

These data help to inform the project's operating cash flow, which indicated the following results of the project: An Internal Rate of Return of -9.8%, an equity multiple of 0.44, and cash on cash returns of 1.2%. These returns indicate a base case project that is not financially feasible and that would struggle to attract private development. The typical market rate project IRR is 15% with at least an equity multiple of 2. A community-minded equity partner may be willing to accept slightly lower returns in exchange for benefits to the community. To make this project feasible either project revenues need to increase, community-minded equity lenders need to be identified, or development costs need to be reduced. **Table 4.4** details four strategies used to try to increase project feasibility.

Table 4.4: Alternative Scenarios

Scenario	Equity Required	IRR	Equity Multiple
Base Case	\$ 8,647,972	-9.8 %	0.46
MCRP MSF Loan	8,497,972	-9.6 %	0.45
MCRP MSF Grant	7,147,972	-7.7 %	0.53
Favorable loan interest rate (4.3%)	8,401,293	-9.9 %	0.44
Tax Abatement*	5,934,822	-1.4 %	0.90

*It is important to note that although tax abatement has a significant impact on the IRR and equity multiple, it comes at a significant cost to the city (\$2.54M over 10 years)

Source: Author's Proforma Analysis

The strategies above highlight efforts from both the public and private sector to help make this project more financially feasible. The Michigan Community Revitalization Program (MCRP) available from the Michigan Strategic Fund (MSF) offers grants, loans, and other types of economic assistance for eligible projects. The purpose of this fund is to promote revitalization in areas experiencing “historical disinvestment”.⁴⁸ The program limits the total amount of project support to \$10 million. The configuration could include favorable loan rates and terms with a loan capped at \$10M, a grant with a maximum of \$1.5M, or a combination of the two not exceeding \$10M. When assessing the value of additional loans, it is important to assess the impact on the debt service coverage ratio (DSCR) which measures the relationship between cash flow and debt (principal and interest payments).

A standard DSCR is between 1.2 and 1.25.⁴⁹ Given the perceived risk of this project, this model assumes a DSCR of 1.3. In terms of the MCRP loan, a large loan amount brings down the DSCR significantly, which indicates that the loan would likely not be issued. To maintain a reasonable DSCR, the proposed scenario modeled an MCRP loan in the amount of \$150,000, which would cover the cost of building acquisition. This approach brings the combined DSCR to 1.25, below the target DSCR, but still consistent with the standard DSCR figure. The additional loan also has a minimal effect on project returns. The project IRR with the loan saw a 0.02 percentage point increase.

The second scenario involved a \$1.5M MCRP grant. This amount was based on the amount given to a similarly sized school redevelopment project in Detroit.⁵⁰ The grant increased the IRR 2.1 percentage points and reduced the amount of equity needed to fund the project. These grants are performance-based and if developers fail to meet agreed upon terms MSF clawback terms are triggered. Additionally, these type of equity investments are important for reducing the initial equity needed and not increasing project or operations costs.

The next strategy is to identify a community-minded lender who is willing to offer more favorable terms. The base case modeled a 5% interest rate, and this scenario reduced that rate to 4.3%. This scenario reduces the amount of equity needed by \$246,679. The effect on the IRR is minimal (+0.1 percentage points). This can be attributed to the ability to get a larger loan due to a higher NOI. If the loan amount (\$3,271,058) was held constant with the reduced interest rate, the IRR would increase 0.5 percentage points.

The final strategy modeled was a tax abatement. There are a few tools available for the City of Detroit and the State of Michigan to leverage abatement of taxes to spur private development, such as the neighborhood enterprise zone (NEZ) program. Under this program, projects occurring in NEZs can abate their taxes for up to ten years. While this strategy was most successful at improving the IRR (+8.5 percentage points), it comes at a significant cost to the

⁴⁸ <https://www.michiganbusiness.org/cm/files/fact-sheets/communityrevitalizationprogram.pdf>

⁴⁹ Seidman, Karl F.. *Economic Development Finance*. Thousand Oaks, CA: SAGE Publications, Inc., 2005. doi: 10.4135/9781452204550.

⁵⁰ <http://www.dailymichigan.com/2017/11/28/pics-8-million-retail-residential-development-going-7-livernois-detroit/>

City (\$2.54M over 10 years). This strategy would also be counterproductive unless there was a clearly demonstrated public purpose that served community interests.

Sensitivity Analysis

Another key piece of this analysis is to test the effects of changes to the assumptions made within the analysis. The sensitivity analyses below assess changes in rents, disposition year, interest rates, base building costs and operating expenses. The assumed program scenario here includes the \$1.5M MCRP grant.

Table 4.5. Commercial Rent vs Residential Rent Sensitivity Analysis

IRR -7.7%	Commercial Rent/SF per Mo					
	\$0.60	\$0.80	\$1.00	\$1.20	\$1.40	
\$0.60	-17.4%	-14.6%	-12.1%	-9.8%	-7.7%	
\$0.80	-14.6%	-12.1%	-9.8%	-7.7%	-5.7%	
\$1.00	-12.1%	-9.8%	-7.7%	-5.7%	-3.7%	
\$1.20	-9.8%	-7.7%	-5.7%	-3.7%	-1.7%	
\$1.40	-7.7%	-5.7%	-3.7%	-1.7%	0.4%	

Source: Author's Proforma Analysis

Table 4.6. Property Disposition Sensitivity Analysis

Disposition (years)	5	10	15	20
IRR	-28.2%	-7.7%	-1.3%	1.6%

Source: Author's Proforma Analysis

Table 4.7. Base Building Cost Sensitivity Analysis

Base Building Cost	85 PSF	90 PSF	95 PSF	100 PSF	105 PSF
IRR	-6%	-6.9%	-7.7%	-8.5%	-9.2%

Source: Author's Proforma Analysis

Table 4.8. Interest Rate Sensitivity Analysis

Interest Rate	4%	4.5%	5%	5.5%	6%
IRR	-8.6%	-7.7%	-7.7%	-7.7%	-7.5%

Source: Author's Proforma Analysis

Table 4.9. Residential & Commercial Operating Expense Sensitivity Analysis

	IRR -7.7%	Residential Op/EX (\$/SF)				
		\$2.00	\$2.25	\$2.50	\$2.75	\$3.00
Commercial Op/Ex (\$/SF)	\$2.50	-6.7%	-7.0%	-7.2%	-7.5%	-7.7%
	\$2.75	-7.0%	-7.2%	-7.5%	-7.7%	-8.0%
	\$3.00	-7.2%	-7.5%	-7.7%	-8.0%	-8.2%
	\$3.25	-7.5%	-7.7%	-8.0%	-8.2%	-8.5%
	\$3.50	-7.7%	-8.0%	-8.2%	-8.5%	-8.7%

As indicated in the above analysis, changes in the disposition year had the most significant impact on the IRR. If the building owner keeps the building for a longer period, the project returns increase. An opportunity here could involve engaging a developer who has roots in the area who is interested in retaining ownership of the building for a longer period. Another significant variable was the rent per square foot for both uses. This represents the project revenues. The base case dollars per square foot for both uses are supported by the market analysis. There may be an opportunity to charge slightly higher rates, but this assumption carries greater risk.

Recommendation and next steps

The above analysis indicates that a development at the former Ruddiman Middle School site would face several significant financial hurdles that would make it difficult to attract private investment. In the current market, the identified supportable rents would not create the returns necessary to make the project feasible, and any effort to redevelop would likely rely on significant public investment. Moving forward, the City and Detroit Public Schools should seek to implement the best practices drawn from the literature review and highlighted below:

1. Develop a clear timeline and process to guide the development process
2. Engage the local community in decision making about future of school site
3. Gather data about school sites and local markets using technical experts to inform development plans and provide interested parties with relevant data
4. Establish interdisciplinary teams to lead the planning process

The most pressing issue for the City of Detroit and Detroit Public Schools is engaging the local community prior to offers being made on a development site. This would require additional staff or support for the DPS Real Estate Office which is currently an office of one. Along with engaging the community, DPS should provide better data about the buildings, their rehabilitation needs, and the potential for these sites. This work could help to coordinate the private support needed to provide equity financing to make a project feasible.

Despite a large project not being financially feasible at this stage, the best practices above highlight the need for work prior to development dollars being available. At this stage, the City and Detroit Public Schools should engage the local community to gain a better understanding of what types of uses the community would like to see. As indicated by the parcel analysis, this area needs newer buildings to refresh its building stock. Recently, the area has also seen some development activity such as the former Herman Garden's site being redeveloped to add affordable housing and mixed-income, mixed-use developments and an NFL/Boys and Girls club site using public dollars available from HUD.

Initiating these best practices today will help the City and the community in preparing for potential future development. Public officials within the city have taken several steps to

address affordability and gentrification within the city.⁵¹ Efforts to help the community better understand its local assets and to involve the community in planning for the future align with this work and assist in the work of identifying effective uses for the Ruddiman Middle School site.

While real estate and planning policies related to schools are typically handled at the school district and municipal level, there is also a role for state governments and the federal government through the Department of Housing and Urban Development and the Department Education. State governments could encourage and incentivize better planning for shuttered schools by working with local school districts and municipal governments to develop plans for shuttered schools that follow the best practices outlined above. The federal role involves better research on the issue.

A 2016 HUD Report highlighted the important role that schools and neighborhoods have in the growth and development of children. One such example noted how living in “a severely disadvantaged neighborhood” reduced the verbal ability of Black children as much as missing a year of school.⁵² The report goes on to discuss the connections between housing, schools, and choice. In 2013, several communities requested the Department of Education investigate the disparate impacts of school closings on Black, Hispanic/Latinx, and disabled students.

While the 2011 and 2013 Pew Research reports helped to shed light on the problem of shuttered schools, communities could also be better served by having access to research that continues to study this problem and the outcomes for the communities that either find new uses or maintain the shuttered school sites. Notably, this issue has primarily focused on large urban communities, but rural communities also face these challenges and could benefit from relevant research. For example, during my time interning in Person County in the summer of 2016 I visited a closed public school and the Assistant County Manager identified the need for additional expertise to identify options for the site.

Overall, this report highlights the need for better data, engagement, and coordination of a variety of actors to address the issue resulting from the closing of public schools. This issue is not going away, and it presents an opportunity for better planning and community engagement to develop new uses for project sites that are financially feasible and align with community values.

⁵¹ “Council Approves Housing Law amid Gentrification Fears.” Detroit News. Accessed March 27, 2018. <https://www.detroitnews.com/story/news/local/detroit-city/2017/09/19/council-vote-affordable-housing-law/105779962/>.

⁵² <https://www.huduser.gov/portal/sites/default/files/pdf/insight-4.pdf>